

SERVICE DATE
Jul 31, 2013

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Public Service Commission of Wisconsin
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PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Kenosha Water Utility, Kenosha County, Wisconsin,
for Authority to Increase Water Rates

2820-WR-106

FINAL DECISION

This is the Final Decision in the application of Kenosha Water Utility (Kenosha) for approval to increase water rates. Final overall rate changes are authorized consisting of a \$1,753,555 (16 percent) increase in water revenues, reflecting an overall 4.25 percent rate of return (ROR) on Kenosha's net investment rate base (NIRB).

Introduction

On October 12, 2012, Kenosha filed an application ([PSC REF#: 174559](#)) with the Commission requesting authority to increase water rates. Kenosha requested an increase of \$1,052,061 (9 percent) in water revenues based on an estimated composite 2.72 percent rate of ROR on NIRB. Kenosha indicated that they wanted a differential ROR, with details to follow.

On November 20, 2012, the Pleasant Prairie Water Utility (Pleasant Prairie), a wholesale customer of Kenosha, requested party status in this proceeding ([PSC REF#: 176807](#)). Party status was granted by order on December 4, 2012 ([PSC REF#: 177380](#)).

On January 29, 2013, a prehearing conference was held at the Commission to determine the issues that would be addressed in this docket and to establish a schedule for the hearings. The Commission held hearings for technical issues and for public comment on April 22, 2013.

The Commission considered this matter at its open meeting on July 11, 2013.

The parties, for purposes of review under Wis. Stat. §§ 227.47 and 227.53, are listed in Appendix A. Others who appeared are listed in the Commission's files.

Findings of Fact

1. Kenosha is a public utility as defined in Wis. Stat. § 196.01(5)(a).
2. Kenosha's presently authorized rates for water utility service will produce operating revenues of \$11,731,867 for the 2013 test year, resulting in an estimated net operating income of \$645,627.
3. The estimated NIRB applicable to water utility operations for the 2013 test year is \$56,451,344.
4. The estimated ROR on average NIRB at current rates for the 2013 test year is 1.14 percent, which is inadequate.
5. It is reasonable to increase operating revenues by \$1,753,555 for the 2013 test year to produce a 4.25 percent ROR on Kenosha's NIRB for water utility operations.
6. It is reasonable that Kenosha earn the same rate of return for retail customers and wholesale customers.
7. It is reasonable to not allocate costs associated with maximum hour storage costs to Pleasant Prairie.
8. It is reasonable to allocate public fire protection costs to Pleasant Prairie using the equivalent meters method.
9. It is reasonable that Kenosha's customer demand ratio for its residential customer class remain at 1.75 (no change from docket 2820-WR-105, [PSC REF#: 25553](#)).

10. It is reasonable to maintain Pleasant Prairie's wholesale maximum day and maximum hour customer demand ratios at 1.00 and 1.50, respectively (no change from docket 2820-WR-105, [PSC REF#: 25553](#)).

11. It is reasonable to allocate transmission main costs between the base cost system and maximum day system service cost functions (two-part allocation).

12. It is reasonable to rely on the results of Commission staff's final cost of service study and rate design as found in Appendix B.

13. The rate changes set forth for water service in Appendix D will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

The Commission has authority under Wis. Stat. §§ 196.02(1), 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), and 196.395 to authorize the applicant to increase water utility rates and revise tariff provisions.

Opinion

Applicant and its Business

Kenosha is a municipal water public utility as defined in Wis. Stat. § 196.01(5)(a). It provides retail and wholesale water service to more than 100,000 persons in the greater Kenosha Metropolitan area, including the City of Kenosha, Village of Pleasant Prairie, Town of Somers and Village of Bristol. The Village of Pleasant Prairie, Town of Somers and Village of Bristol purchase water at wholesale from Kenosha.

Net Investment Rate Base

The estimated net investment rate base for the 2013 test year is as follows:

Utility Financed Plant in Service	\$85,496,239
Less: Accumulated Provision for Depreciation	<u>\$27,612,689</u>
Net Plant in Service	\$57,883,550
Plus: Materials and Supplies	378,000
Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC	<u>1,810,206</u>
Net Investment Rate Base	<u>\$56,451,344</u>

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

	<u>At Present Rates</u>	<u>Authorized Increase</u>	<u>After Rate Increase</u>
Operating Revenues	\$11,731,867	\$1,753,555	\$13,485,422
Operating Expenses:			
Oper. & Maint. Exp.	\$6,604,325		\$6,604,325
Depreciation	2,147,361		2,147,361
Taxes & Tax Equiv.	<u>2,334,554</u>		<u>2,334,554</u>
Total Oper. Expenses	<u>\$11,086,240</u>		<u>\$11,086,240</u>
Oper. Income (or Loss)	<u>\$645,627</u>		<u>\$2,399,182</u>
Rate of Return	1.14%		4.25%

The depreciation expense included in the revenue requirement for the 2013 test year was computed using the depreciation rates shown in Appendix F. These depreciation rates are

effective on January 1, 2013, for computing the depreciation expense on the average investment for each plant account.

Capital Structure

Kenosha's capital employed in providing public utility service that is associated with the net investment rate base is estimated to be 71.18 percent municipal equity and 28.82 percent long-term debt. The composite cost of debt is 3.73 percent. A return on rate base of 4.25 percent will provide a 4.46 percent return on municipal earning equity and 3.95 times interest coverage.

Rate of Return

Kenosha requested a differential rate of return comprised of a 4.00 percent ROR for retail customers and a 5.50 percent ROR for wholesale customers (resulting in a composite ROR of 4.25 percent). Kenosha supported its request by stating that the Commission has historically accommodated a municipal utility's request for a retail return below the Commission's benchmark for municipal utilities and a differential rate of return for retail/wholesale customers. In this case, the wholesale rate of return of 5.50 percent is equal to the current benchmark ROR. Kenosha contended that the differential ROR reflects the higher risk that it bears for providing water at wholesale to Pleasant Prairie, Somers, and Bristol.

Pleasant Prairie claimed that a differential ROR is not justified because the 2001 Amended Water Issues Agreement between the two parties requires Pleasant Prairie to purchase its water exclusively from Kenosha in perpetuity. Pleasant Prairie contended that Kenosha does not realize significant risk from serving Pleasant Prairie as a wholesale customer, and therefore, should not receive a differential rate of return. In fact, Pleasant Prairie contended that any

differential rate of return would result in a subsidy to retail customers at the expense of wholesale customers.

The Commission determines that Kenosha should not be allowed to earn a differential rate of return for retail and wholesale customers. Instead, the Commission authorizes Kenosha to earn 4.25 percent of NIRB from both retail and wholesale sales. The Commission finds that it is not reasonable to authorize a differential rate of return for retail and wholesale customers unless the wholesaling utility can demonstrate the need for the differential, which may include a demonstration of the enhanced risk in serving its wholesale customers. The Commission is not convinced by Kenosha's argument that serving Pleasant Prairie results in added risk to its retail customers. The Commission finds that Pleasant Prairie is essentially a captive customer and that Kenosha does not bear significant risk in serving it as a wholesale customer.

Commissioner Callisto dissents, arguing that a differential of 100 basis points with a blended ROR of 4.25 percent is reasonable.

Cost of Service Study

Allocation of Maximum Hour Storage to Pleasant Prairie

Kenosha requested that maximum hour storage costs be allocated to Pleasant Prairie. Maximum hour storage costs represent those costs associated with Kenosha's storage facilities that are required to meet maximum hour demands. Maximum hour storage costs were not allocated to Pleasant Prairie in the previous 2004 rate case ([PSC REF#: 25553](#)). While Kenosha recognized that Pleasant Prairie has a significant amount of its own storage capacity, it contended that Pleasant Prairie has historically relied on Kenosha's water storage system to meet its extra capacity needs, including its maximum hour demand. It also claimed that the Pleasant

Prairie customers in the Carol Beach area are solely reliant on Kenosha's storage to meet their extra capacity needs. Kenosha claimed that the 2001 Amended Water Issues Agreement between the two parties requires Kenosha to provide a virtually unlimited supply of water to meet Pleasant Prairie's peak demands.

Pleasant Prairie claimed that it has 12.2 million gallons of ground and elevated storage. This storage allows it to draw water from Kenosha during off-peak times (8:00 p.m. to 8:00 a.m.) and still provide for its own retail maximum hour demand.

The Commission determines that maximum hour storage costs should not be allocated to Pleasant Prairie. The Commission finds that Pleasant Prairie has sufficient storage to meet its own maximum hour demand without relying on Kenosha's storage. However, this finding is dependent upon Pleasant Prairie's compliance with its verbal agreement made in February 2013 to draw water from Kenosha only during off-peak times. The Commission conditions its decision to not allocate maximum hour storage costs to Pleasant Prairie upon a requirement that this verbal agreement be memorialized in writing.

Allocation of Public Fire Protection Costs to Pleasant Prairie

Kenosha argued that Pleasant Prairie should be allocated public fire protection as it was in its 2004 rate case ([PSC REF#: 25553](#)) because Pleasant Prairie relies on Kenosha's system to meet fire flow demand. Kenosha claimed that the 2001 Amended Water Issues Agreement requires Kenosha to provide Pleasant Prairie with unlimited water service in the amounts and at such times as Pleasant Prairie requires, including water to meet public fire protection demand. Kenosha claimed that there are four connection points that Pleasant Prairie can draw from during a fire. Furthermore, Pleasant Prairie's customers in the Carol Beach area are directly dependent

on Kenosha's water system to provide public fire protection capacity. Pleasant Prairie countered that it has more than enough storage to meet its own fire flow demand without relying on Kenosha's system.

The Commission finds it reasonable to allocate public fire protection costs to Pleasant Prairie using the equivalent meters method. The Commission notes that the total public fire protection costs include costs associated with storage needed to meet public fire protection demand. Although Pleasant Prairie may have sufficient storage to meet its public fire protection demand most of the time, the Commission questions whether it has sufficient storage capacity to meet fire demand for a large fire that could occur during the maximum day demand and just before 8:00 p.m., when Pleasant Prairie would begin to refill its depleted storage tanks.

Commissioner Callisto dissents.

Retail Residential Customer Class Maximum Day Demand Factor

The retail maximum day demand factor represents the relationship between a customer class' average annual demand and its extra demand during its peak day. For example, a customer class with a higher maximum day demand factor is allocated a greater percentage of the extra capacity costs associated with meeting the maximum day demand than a customer class with a lower maximum day demand factor. Kenosha argued that the customer demand ratio for its residential customer class should be lowered from 1.75 (value used in the 2004 rate case, [PSC REF#: 25553](#)) to 1.50 to reflect the general trend in decreasing residential water usage since its last rate case. Kenosha claimed that this lower customer demand ratio more closely correlates with similar water utilities in Wisconsin.

Pleasant Prairie countered that the retail maximum day customer demand ratio for Kenosha's residential customer class should not be lowered. Pleasant Prairie claimed that the decrease in residential water usage does not necessarily result in a lower maximum day customer demand ratio. Also, other large water utilities in Wisconsin have different system demand ratios than Kenosha, and therefore, their residential maximum day customer demand ratios may not be directly comparable.

The Commission finds Kenosha's argument to change its maximum day customer demand ratio for its residential customer class unpersuasive. The Commission notes that Kenosha did not provide sufficient data demonstrating the need to reduce the retail residential maximum day demand ratio. Therefore, Kenosha's residential customer class demand ratio remains unchanged at 1.75 per the 2004 rate case.

Wholesale Customer Class Demand Ratios

Kenosha claimed that the maximum day and maximum hour wholesale customer class demand ratios for Pleasant Prairie should be raised from 1.00 and 1.50 to 1.25 and 2.00, respectively. The new ratios have been computed using master meter data collected over a seven month period from July 2012 to February 2013. Kenosha claimed that the seven months of data includes flow measurements from the summer of 2012, and therefore, included Pleasant Prairie's maximum day demand. Kenosha also has several months of master meter data since February 2013, when Pleasant Prairie changed the operation of its water system to only withdraw water from Kenosha between the hours of 8:00 p.m. and 8:00 a.m. Kenosha stated that this additional data only strengthens its claims.

Pleasant Prairie argued that the maximum day and maximum hour wholesale customer class demand ratios should not be increased. Pleasant Prairie argued that Kenosha should have to gather at least twelve months of metered data to justify changing these customer demand ratios.

The Commission finds it unreasonable to change Pleasant Prairie's wholesale maximum day and maximum hour customer demand ratios based on the information provided. The Commission agrees with Pleasant Prairie that additional data that reflects Pleasant Prairie's new operating schedule that withdraws water from Kenosha from 8:00 p.m. to 8:00 a.m. would be helpful in determining whether it is appropriate to change the demand ratios. Therefore, Pleasant Prairie's wholesale maximum day and maximum hour customer demand ratios remain at 1.00 and 1.50, which are the same values used in the 2004 rate case.

Commissioner Callisto dissents.

Allocation of Transmission Main Costs to the Maximum Hour Cost Function

Pleasant Prairie claimed that transmission main costs should be allocated to the base system, maximum day system, and maximum hour system cost functions (three-part allocation). Pleasant Prairie argued that transmission mains are used to convey water that meets maximum hour demand, and therefore, transmission main costs should be allocated to the maximum hour cost function.

Kenosha claimed that the transmission main costs should be allocated only to the base system and maximum day system cost functions (two-part allocation) because transmission mains are primarily designed to meet the maximum day demand. Kenosha also contended that

using the two-part allocation is consistent with past Commission decisions in the vast majority of water rate cases.

The Commission finds it reasonable to allocate transmission main costs to the base system and maximum day system cost functions (two-part allocation). The Commission generally agrees with Kenosha in that transmission mains are typically designed to meet maximum day flow, while distribution mains are typically designed to meet maximum hour flow. Although the two-part allocation method is generally consistent with past Commission practice, the Commission notes that there may be instances where the three-part allocation method proposed by Pleasant Prairie should be applied. However, the Commission did not find Pleasant Prairie's position sufficiently persuasive to depart from a two-part allocation method in this instance.

The Commission understands that the allocation of transmission costs, as well as other costs, can be refined by more extensive modeling and data. In general, the cost of the modeling effort needed to refine the allocation of transmission costs outweighs the benefits of doing so. Instead, the Commission follows the principle of system cost averaging for cost allocation. It would be impractical to allocate the specific cost of each system component (or each foot of main) to every customer based on individual usage of that component. The Commission finds that the allocation of transmission costs to the base and maximum day cost functions is a reasonable approximation for allocating costs and is based on the principle of system averaging.

Final Cost of Service Study

The final cost of service study resulting from the Commission's decisions on the issues in this rate case is shown in Appendix B. The base-extra capacity cost allocation method was used

for the analysis. Under this method, the operating expenses are allocated first to the service cost functions of extra-capacity maximum day and maximum hour demand, base, customer, and fire protection and then to each of the customer classes served. Appendix C shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rate Design

Overall, the rates authorized for Kenosha in Appendix D of this Final Decision result in an estimated net operating income of approximately \$2,399,182, which provides a 4.25 percent ROR on the water utility NIRB of \$56,451,344. This represents an increase of 16 percent in total water revenues.

As shown in Appendix C, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

The authorized rates as set forth in Appendix D are based on the cost of providing water service to the various customer classes or types of service and other rate-setting goals. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority retail customers in the City of Kenosha were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix E.

A typical Kenosha residential customer's bill for general service will rise 16 percent. When the public fire protection charge is included, the overall water bill will also rise 16 percent. Rates have risen because of a 23 percent increase in gross plant investment and a 45 percent increase in operating expenses since Kenosha's last rate case in 2004. The typical bills calculated using the authorized rates are below average when compared with those of similar water utilities in the state.

The overall increase in annual revenues is 16 percent, comprised of a 16 percent increase in general service charges and a 16 percent increase in fire protection charges. Retail general service charges will increase by 17 percent compared to a 10 percent increase in wholesale general service charges. Retail public fire protection charges will increase by 16 percent compared to a 27 percent increase in wholesale public fire protection charges.

Kenosha has agreed to revise its tariff provisions, including operating rules and main extension rules, to be more consistent with those of other Wisconsin water utilities. The proposed rules are shown or referenced in Appendix D. The proposed rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.

Effective Date

The test year commenced on January 1, 2013. Pursuant to Wis. Stat. §§ 196.19 and 196.21, the changes in rates and tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of service, provided that these rates and tariff provisions are filed with the Commission and placed in all offices and pay stations of the utility.

Order

1. This Final Decision takes effect one day after the date of service.

2. The authorized rate increases and tariff provisions shall take effect no sooner than one day after the utility files these rates and tariff provisions with the Commission and places them in all of the utility's offices and pay stations.

3. The rates approved in this docket shall take effect no later than 90 days from the service date of this Final Decision or as directed by the Commission or Commission staff.

4. Kenosha Water Utility shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).

5. Kenosha Water Utility and Pleasant Prairie Water Utility shall update the 2001 Amended Water Issues Agreement to reflect Pleasant Prairie's new schedule for withdrawing water from Kenosha at the Sheridan Road Reservoir.

6. Jurisdiction is retained.

Dated at Madison, Wisconsin, this 30th day of July, 2013.

For the Commission:



Sandra J. Paske
Secretary to the Commission

JJR:SPK:pc:DL:00782203

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
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**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

¹ See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

APPEARANCES

In order to comply with Wis. Stat. § 227.47, the following parties who appeared before the agency are considered parties for purposes of review under Wis. Stat. § 227.53.

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PUBLIC SERVICE COMMISSION OF WISCONSIN

(Not a party, but must be served)
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Please file documents using the Electronic Regulatory Filing (ERF) system which may be accessed through the PSC website: <https://psc.wi.gov>.

KENOSHA WATER UTILITY**Authorized Final Cost of Service Study**

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COMPARATIVE INCOME STATEMENT

ACCT NO.	OPERATING REVENUES	TEST YEAR				
		2009	2010	2011	2012	2013
460	Unmetered Sales to General Customers					
	Residential	\$ 2,702	\$ 2,608	\$ 1,211	\$ 1,300	\$ 1,300
	Commercial	4,753	4,562	4,760	5,000	5,000
	Industrial	0	0	0	0	0
	Public Authority	0	0	0	0	0
461	Metered Sales to General Customers					
	Residential	5,026,275	5,204,674	5,200,624	5,444,136	5,226,479
	Commercial	2,190,281	2,307,261	2,307,728	2,378,540	2,288,830
	Industrial	522,142	520,203	515,691	510,511	501,519
	Public Authority	241,259	253,529	257,462	270,533	259,745
	Total general sales	\$ 7,987,412	\$ 8,292,837	\$ 8,287,476	\$ 8,610,020	\$ 8,282,873
462	Private fire protection service	139,580	147,085	151,235	160,368	152,916
463	Public fire protection service	1,075,687	1,116,478	1,118,682	1,128,463	1,128,463
465	Other water sales	2,705	3,003	2,843	0	0
466	Sales for resale	1,434,281	1,590,857	1,667,236	1,767,350	1,689,415
467	Interdepartmental sales	0	0	0	0	0
470	Forfeited discounts	143,475	140,811	156,315	146,000	146,000
472	Rents from water property	164,237	175,344	183,520	176,500	176,500
473	Interdepartmental rents	0	0	0	0	0
474	Other water revenues	189,073	158,799	186,706	184,000	155,700
	TOTAL OPERATING REVENUES	\$ 11,136,450	\$ 11,625,214	\$ 11,754,013	\$ 12,172,701	\$ 11,731,867
	OPERATING EXPENSES					
	SOURCE OF SUPPLY					
600	Operation labor	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
601	Operation labor and expenses	0	0	0	0	0
602	Purchased water	0	0	0	0	0
603	Miscellaneous expenses	0	0	125	9,625	10,000
604	Rents	0	0	0	0	0
610	Maintenance supervision and engineering	0	0	0	0	0
611	Maintenance of structures and improvements	0	0	0	0	0
612	Maint. of collecting and impounding reservoirs	0	0	0	0	0
613	Maintenance of lake, river, and other intakes	20,774	2,112	1,655	0	5,000
614	Maintenance of wells and springs	0	0	0	0	0
616	Maintenance of supply mains	0	0	0	0	0
617	Maintenance of misc. water source plant	0	0	0	0	0
	PUMPING EXPENSES					
620	Operation supervision and engineering	140,125	116,746	126,428	130,430	132,000
621	Fuel for power production	0	0	0	0	0
622	Power production labor and expenses	0	0	0	0	0
623	Fuel or power purchased for production	704,273	733,855	863,656	904,526	900,500
624	Pumping labor and expenses	114,711	114,861	107,959	110,000	113,000
625	Expenses transferred--credit	0	0	0	0	0
626	Miscellaneous expenses	10,676	13,131	15,546	13,600	13,910
627	Rents	0	0	0	0	0
630	Maintenance supervision and engineering	0	0	0	0	0
631	Maintenance of structures and improvements	23,027	28,293	38,044	30,000	30,000
632	Maintenance of power production equipment	194	3,199	3,391	2,261	4,500
633	Maintenance of pumping equipment	80,551	61,829	82,360	74,913	75,000

COMPARATIVE INCOME STATEMENT
(continued)

		TEST YEAR				
ACCT NO.	OPERATING EXPENSES	2009	2010	2011	2012	2013
WATER TREATMENT EXPENSES						
640	Operation supervision and engineering	\$ 78,457	\$ 56,164	\$ 58,934	\$ 61,000	\$ 65,000
641	Chemicals	173,859	172,654	160,825	200,800	212,000
642	Operation labor and expenses	260,209	240,388	263,789	265,250	268,668
643	Miscellaneous expenses	20,016	17,452	21,232	22,290	22,490
644	Rents	0	0	0	0	0
650	Maintenance supervision and engineering	0	0	0	0	0
651	Maintenance of structures and improvements	37,391	42,806	38,057	40,324	45,089
652	Maintenance of water treatment equipment	450,293	453,058	462,864	495,661	536,267
TRANS & DISTRIBUTION EXPENSES						
660	Operation supervision and engineering	85,458	133,226	114,923	108,000	106,723
661	Storage facilities expenses	0	0	0	0	0
662	Transmission and distribution expenses	4,993	21,521	26,281	26,000	20,722
663	Meter expenses	71,366	71,766	79,865	79,031	81,721
664	Customer installations expenses	16,993	9,688	2,259	14,100	11,389
665	Miscellaneous expenses	541,371	560,492	580,078	575,462	570,754
666	Rents	0	0	0	0	0
670	Maintenance supervision and engineering	32,138	31,566	31,164	28,000	29,000
671	Maintenance of structures and improvements	0	0	0	0	0
672	Maintenance of distr.reservoirs and standpipes	55,129	36,258	55,183	36,102	336,400
673	Maintenance of transmission and distr. mains	848,007	643,580	721,040	748,697	748,640
675	Maintenance of services	182,241	204,285	241,503	136,000	239,864
676	Maintenance of meters	40,107	39,011	47,896	48,300	51,042
677	Maintenance of hydrants	43,741	43,944	51,976	50,500	51,920
678	Maintenance of miscellaneous plant	0	0	0	0	0
CUSTOMER ACCOUNTS EXPENSES						
901	Supervision	0	0	0	0	0
902	Meter reading labor	59,428	62,200	67,638	68,992	69,544
903	Customer records and collection expenses	359,380	350,110	347,449	389,370	398,052
904	Uncollectible accounts	0	0	0	0	0
905	Miscellaneous customer accounts expenses	0	0	0	0	0
906	Customer service and Information Expenses	0	0	0	0	0
SALES EXPENSES						
910	Sales Expenses	0	0	0	0	0
ADMIN. & GENERAL EXPENSES						
920	Administrative and general salaries	190,860	173,671	178,701	182,500	203,768
921	Office supplies and expenses	34,201	32,827	38,587	43,475	44,409
922	Administrative expenses transferred -- credit	0	0	0	0	0
923	Outside services employed	152,176	122,994	114,207	145,396	113,900
924	Property insurance	69,600	40,182	56,610	59,037	65,980
925	Injuries and damages	88,295	94,967	(7,422)	50,379	50,882
926	Employee pensions and benefits	932,038	896,322	1,006,729	948,907	914,691
928	Regulatory commission expenses	0	0	0	0	28,000
929	Duplicate charges -- credit	0	0	0	0	0
930	Miscellaneous general expenses	18,749	21,528	35,003	32,030	33,500
931	Rents	0	0	0	0	0
932	Maintenance of general plant	0	0	0	0	0
TOTAL OPER. & MAINT. EXPENSES		\$ 5,940,827	\$ 5,646,686	\$ 6,034,535	\$ 6,130,959	\$ 6,604,325
403	DEPRECIATION EXPENSE	1,896,875	1,871,278	1,872,284	1,877,508	2,147,361
404-407	AMORTIZATION EXPENSE	0	0	0	0	0
408	TAXES AND TAX EQUIVALENT	1,929,979	2,167,461	2,314,885	2,337,088	2,334,554
TOTAL OPERATING EXPENSES		\$ 9,767,681	\$ 9,685,425	\$ 10,221,704	\$ 10,345,555	\$ 11,086,240
NET OPERATING INCOME		\$ 1,368,769	\$ 1,939,789	\$ 1,532,309	\$ 1,827,146	\$ 645,627

NET INVESTMENT RATE BASE

UTILITY FINANCED PLANT IN SERVICE	\$ 85,496,239
Less: ACCUMULATED PROVISION FOR DEPRECIATION	<u>27,612,689</u>
NET PLANT IN SERVICE	\$ 57,883,550
Plus: MATERIALS AND SUPPLIES	378,000
Less: REGULATORY LIABILITY	<u>1,810,206</u>
NET INVESTMENT RATE BASE	<u>\$ 56,451,344</u>
RATE OF RETURN ON RATE BASE	4.25%

**ESTIMATED INCOME STATEMENT FOR THE 2013 TEST YEAR
AND
REVENUE REQUIREMENT TO YIELD A 4.25% RETURN ON NET INVESTMENT RATE BASE**

	<u>Present Rates</u>	<u>Increase</u>	<u>After Rate Increase</u>
TOTAL OPERATING REVENUES	\$ <u>11,731,867</u>	\$ <u>1,753,555</u>	\$ <u>13,485,422</u>
OPERATING EXPENSES:			
OPERATION & MAINTENANCE EXPENSES	\$ 6,604,325		\$ 6,604,325
DEPRECIATION EXPENSE	2,147,361		2,147,361
AMORTIZATION EXPENSE	0		0
TAXES AND TAX EQUIVALENT	<u>2,334,554</u>		<u>2,334,554</u>
TOTAL OPERATING EXPENSES	\$ <u>11,086,240</u>		\$ <u>11,086,240</u>
NET OPERATING INCOME (LOSS)	\$ <u>645,627</u>		\$ <u>2,399,182</u>
RATE OF RETURN ON RATE BASE	1.14%		4.25%

**UTILITY FINANCED PLANT IN SERVICE AND DEPRECIATION EXPENSE
TEST YEAR 2013**

<u>ACCT NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>Balance</u>	<u>Major</u>	<u>Normal</u>	<u>Retirements</u>	<u>Balance</u>	<u>Test Year</u>	<u>Depreciation</u>	
		<u>12/31/2012</u>	<u>Additions</u>	<u>Additions</u>		<u>12/31/2013</u>	<u>Rate Base</u>	<u>Rate</u>	<u>Expense</u>
		<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>Balance</u>	<u>(%)</u>	<u>(\$)</u>
							<u>(\$)</u>		
INTANGIBLE PLANT									
301	Organization	0	0	0	0	0	0	N/A	0
302	Franchises and consents	0	0	0	0	0	0	N/A	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	N/A	0
SOURCE OF SUPPLY									
310	Land and land rights	0	0	0	0	0	0	N/A	0
311	Structures and improvements	1,136,363	0	0	0	1,136,363	1,136,363	2.00%	22,727
312	Collecting and impounding reservoirs	268,711	0	0	0	268,711	268,711	1.70%	4,568
313	Lake, river, and other intakes	1,525,913	0	0	0	1,525,913	1,525,913	1.70%	25,941
314	Wells and springs	0	0	0	0	0	0	0.00%	0
316	Supply mains	453,082	0	0	0	453,082	453,082	1.80%	8,155
317	Other water source plant	0	0	0	0	0	0	0.00%	0
PUMPING PLANT									
320	Land and land rights	19,328	0	0	0	19,328	19,328	N/A	0
321	Structures and improvements	3,834,132	0	0	0	3,834,132	3,834,132	2.00%	76,683
323	Other power production equipment	577,490	0	0	0	577,490	577,490	4.40%	25,410
325	Electric pumping equipment	3,909,546	0	125,000	76,250	3,958,296	3,933,921	4.40%	173,093
326	Diesel pumping equipment	0	0	0	0	0	0	0.00%	0
328	Other pumping equipment	8,647	0	0	0	8,647	8,647	4.40%	380
WATER TREATMENT PLANT									
330	Land and land rights	527,048	0	0	0	527,048	527,048	N/A	0
331	Structures and improvements	8,390,024	0	28,000	642	8,417,382	8,403,703	2.00%	168,074
332	Sand or Other Media Filtration Equip	1,290,928	0	27,000	0	1,317,928	1,304,428	3.30%	27,000
333	Membrane Filtration Equipment	13,830,205	0	0	0	13,830,205	13,830,205	6.00%	829,812
334	Other Water Treatment Equipment	0	0	0	0	0	0	0.00%	0

UTILITY FINANCED PLANT IN SERVICE AND DEPRECIATION EXPENSE
TEST YEAR 2013
(continued)

<u>ACCT NO.</u>	<u>ACCOUNT DESCRIPTION</u>	<u>Balance</u>	<u>Major</u>	<u>Normal</u>	<u>Retirements</u>	<u>Balance</u>	<u>TEST YEAR</u>	<u>DEPRECIATION</u>	
		<u>12/31/2012</u>	<u>Additions</u>	<u>Additions</u>		<u>12/31/2013</u>	<u>RATE BASE</u>	<u>RATE</u>	<u>EXPENSE</u>
		<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(\$)</u>	<u>(%)</u>	<u>(\$)</u>
TRANSMISSION & DISTRIBUTION PLANT									
340	Land and land rights	314,897	0	0	0	314,897	314,897	N/A	0
341	Structures and improvements	0	0	0	0	0	0	0.00%	0
342	Distribution reservoirs and standpipes	6,175,117	0	12,000	0	6,187,117	6,181,117	1.90%	117,441
343	Transmission and distribution mains	29,706,651	0	1,500,000	27,675	31,178,976	30,442,814	1.18%	359,225
345	Services	756,631	0	70,000	233	826,398	791,515	2.90%	22,954
346	Meters	4,717,375	0	170,000	119,000	4,768,375	4,742,875	5.50%	130,429
348	Hydrants	4,035,715	0	140,000	12,026	4,163,689	4,099,702	2.20%	90,193
349	Other transmission and distr. plant	0	0	0	0	0	0	0.00%	0
GENERAL PLANT									
389	Land and land rights	0	0	0	0	0	0	N/A	0
390	Structures and improvements	0	0	0	0	0	0	2.90%	0
391	Office furniture and equipment	54,202	0	5,000	0	59,202	56,702	5.80%	3,289
391	Office furniture & equip - Computers	277,347	0	213,000	0	490,347	383,847	20.00%	30,540
392	Transportation equipment	993,118	0	0	31,938	961,180	977,149	13.30%	0
393	Stores equipment	1,498	0	0	0	1,498	1,498	5.80%	0
394	Tools, shop and garage equipment	265,913	0	19,100	0	285,013	275,463	5.80%	15,977
395	Laboratory equipment	103,564	0	0	0	103,564	103,564	5.80%	6,007
396	Power operated equipment	484,869	0	97,500	0	582,369	533,619	7.50%	0
397	Communication equipment	3,016	0	0	0	3,016	3,016	15.00%	0
397	SCADA equipment	602,333	0	0	0	602,333	602,333	9.20%	0
398	Miscellaneous equipment	163,157	0	0	0	163,157	163,157	5.80%	9,463
TOTAL UTILITY FINANCED PLANT IN SERVICE		<u>84,426,820</u>	<u>0</u>	<u>2,406,600</u>	<u>267,764</u>	<u>86,565,656</u>	<u>85,496,239</u>		<u>2,147,361</u>

KENOSHA WATER UTILITY**SYSTEM DEMAND RATIOS****MAXIMUM DAY SYSTEM DEMAND**

TOTAL ANNUAL PUMPAGE 5,219,816,000 Gallons

AVERAGE DAILY PUMPAGE 14,300,866 Gallons

MAXIMUM DAY PUMPAGE 21,451,299 Gallons

FIRE FLOW:

GAL/MIN	7,000	
DURATION (HOURS)	7	
TOTAL FLOW	2,940,000	Gallons

AVERAGE DAY PLUS FIRE FLOW 17,240,866 Gallons

RATIO:	BASE	=	$\frac{14,300,866}{21,451,299}$	66.67%
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	MAX DAY	=	100-BASE	33.33%
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MAXIMUM HOUR SYSTEM DEMAND

AVERAGE HOUR ON MAX DAY 893,804 Gallons

MAXIMUM HOUR PUMPAGE 1,340,706 Gallons

AVERAGE HOUR PLUS ONE HOUR FIRE FLOW 1,015,869 Gallons

RATIO:	BASE	=	$\frac{14,300,866}{32,176,948}$	44.44%	Use	44.44%
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	MAX HOUR	=	100-BASE	55.56%	Use	55.56%
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**ALLOCATION OF UTILITY FINANCED PLANT
TO SERVICE COST FUNCTIONS**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY														
		TOTAL (\$)	BASE COSTS		MAX DAY				MAX HOUR				CUSTOMER COSTS			Fire Protection (\$)
			System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)				
	INTANGIBLE PLANT															
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	SOURCE OF SUPPLY															
310	Land and land rights	0	0		0											
311	Structures and improvements	1,136,363	757,575		378,788											
312	Collecting and impounding reservoirs	268,711	179,141		89,570											
313	Lake, river, and other intakes	1,525,913	1,017,275		508,638											
314	Wells and springs	0	0		0											
316	Supply mains	453,082	302,055		151,027											
317	Other water source plant	0	0		0											
	PUMPING PLANT															
320	Land and land rights	19,328	12,885		6,443											
321	Structures and improvements	3,834,132	2,556,088		1,278,044											
323	Other power production equipment	577,490	384,993		192,497											
325	Electric pumping equipment	3,933,921	2,622,614		1,311,307											
326	Diesel pumping equipment	0	0		0											
328	Other pumping equipment	8,647	5,765		2,882											
	WATER TREATMENT PLANT															
330	Land and land rights	527,048	351,365		175,683											
331	Structures and improvements	8,403,703	5,602,469		2,801,234											
332	Sand or Other Media Filtration Equip	1,304,428	869,619		434,809											
333	Membrane Filtration Equipment	13,830,205	9,220,137		4,610,068											
334	Other Water Treatment Equipment	0	0		0											

**ALLOCATION OF UTILITY FINANCED PLANT
TO SERVICE COST FUNCTIONS
(continued)**

ACCT NO. ACCOUNT DESCRIPTION		EXTRA-CAPACITY											
		BASE COSTS			MAX DAY					CUSTOMER COSTS			
					MAX HOUR			Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)	Fire Protection (\$)		
		System (\$)	Distribution (\$)	Storage (\$)									
TOTAL (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)						
TRANSMISSION & DISTRIBUTION PLANT													
340	Land and land rights	314,897	113,205	29,103	47,252	0	0	36,378	23,376	0	32,287	5,388	27,908
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	6,181,117	2,747,163						3,433,954				
343	Transmission mains	20,823,747	13,882,498		6,941,249								
343	Distribution mains	9,619,067		4,275,141				5,343,926					
345	Services	791,515										791,515	
346	Meters	4,742,875									4,742,875		
348	Hydrants	4,099,702											4,099,702
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL PLANT													
389	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0
390	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
391	Office furniture and equipment	56,702	27,957	2,962	13,027	0	0	3,703	2,379	0	3,286	548	2,840
391	Office furniture & equip - Computers	383,847	189,254	20,052	88,184	0	0	25,065	16,106	0	22,245	3,712	19,229
392	Transportation equipment	977,149	481,778	51,045	224,489	0	0	63,806	41,001	0	56,630	9,451	48,950
393	Stores equipment	1,498	739	78	344	0	0	98	63	0	87	14	75
394	Tools, shop and garage equipment	275,463	135,816	14,390	63,284	0	0	17,987	11,558	0	15,964	2,664	13,799
395	Laboratory equipment	103,564	51,062	5,410	23,793	0	0	6,763	4,346	0	6,002	1,002	5,188
396	Power operated equipment	533,619	263,098	27,875	122,593	0	0	34,844	22,391	0	30,925	5,161	26,732
397	Communication equipment	3,016	1,487	158	693	0	0	197	127	0	175	29	151
397	SCADA equipment	602,333	296,977	31,465	138,379	0	0	39,331	25,274	0	34,908	5,826	30,174
398	Miscellaneous equipment	163,157	80,444	8,523	37,483	0	0	10,654	6,846	0	9,456	1,578	8,173
TOTAL		85,496,239	42,153,456	4,466,201	19,641,760	0	0	5,582,752	3,587,421	0	4,954,839	826,889	4,282,922

**ALLOCATION OF TOTAL PLANT
TO SERVICE COST FUNCTIONS**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY															
		BASE COSTS			MAX DAY					MAX HOUR				CUSTOMER COSTS			
		TOTAL (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)	Fire Protection (\$)				
INTANGIBLE PLANT																	
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0				
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0				
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0				
SOURCE OF SUPPLY																	
310	Land and land rights	0	0		0												
311	Structures and improvements	1,136,363	757,575		378,788												
312	Collecting and impounding reservoirs	268,711	179,141		89,570												
313	Lake, river, and other intakes	1,525,913	1,017,275		508,638												
314	Wells and springs	0	0		0												
316	Supply mains	453,082	302,055		151,027												
317	Other water source plant	0	0		0												
PUMPING PLANT																	
320	Land and land rights	19,328	12,885		6,443												
321	Structures and improvements	3,834,132	2,556,088		1,278,044												
323	Other power production equipment	577,490	384,993		192,497												
325	Electric pumping equipment	3,933,921	2,622,614		1,311,307												
326	Diesel pumping equipment	0	0		0												
328	Other pumping equipment	8,647	5,765		2,882												
WATER TREATMENT PLANT																	
330	Land and land rights	527,048	351,365		175,683												
331	Structures and improvements	8,403,703	5,602,469		2,801,234												
332	Sand or Other Media Filtration Equip	1,304,428	869,619		434,809												
333	Membrane Filtration Equipment	13,830,205	9,220,137		4,610,068												
334	Other Water Treatment Equipment	0	0		0												

**ALLOCATION OF TOTAL PLANT
TO SERVICE COST FUNCTIONS
(continued)**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY											
		BASE COSTS			MAX DAY					CUSTOMER COSTS			
		TOTAL	System	Distribution	System	Distribution	System	Distribution	Storage	Billing	Equivalent Meter	Equivalent Service	Fire Protection
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
TRANSMISSION & DISTRIBUTION PLANT													
340	Land and land rights	314,897	78,791	50,760	33,278	0	0	63,451	15,295	0	20,663	31,829	20,830
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
342	Distribution reservoirs and standpipes	6,319,325	2,808,589						3,510,736				
343	Transmission mains	22,915,420	15,276,947		7,638,473								
343	Distribution mains	26,215,681		11,651,414				14,564,267					
345	Services	7,305,901										7,305,901	
346	Meters	4,742,875									4,742,875		
348	Hydrants	4,781,324											4,781,324
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0
GENERAL PLANT													
389	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0
390	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
391	Office furniture and equipment	56,702	21,990	6,120	10,257	0	0	7,650	1,844	0	2,491	3,838	2,511
391	Office furniture & equip - Computers	383,847	148,862	41,431	69,437	0	0	51,788	12,484	0	16,865	25,979	17,002
392	Transportation equipment	977,149	378,953	105,469	176,765	0	0	131,836	31,779	0	42,933	66,133	43,281
393	Stores equipment	1,498	581	162	271	0	0	202	49	0	66	101	66
394	Tools, shop and garage equipment	275,463	106,829	29,732	49,831	0	0	37,165	8,959	0	12,103	18,643	12,201
395	Laboratory equipment	103,564	40,164	11,178	18,735	0	0	13,973	3,368	0	4,550	7,009	4,587
396	Power operated equipment	533,619	206,946	57,596	96,531	0	0	71,995	17,355	0	23,445	36,115	23,635
397	Communication equipment	3,016	1,170	326	546	0	0	407	98	0	133	204	134
397	SCADA equipment	602,333	233,594	65,013	108,961	0	0	81,266	19,589	0	26,464	40,766	26,679
398	Miscellaneous equipment	163,157	63,275	17,610	29,515	0	0	22,013	5,306	0	7,169	11,042	7,227
TOTAL		111,518,742	43,248,670	12,036,811	20,173,590	0	0	15,046,014	3,626,862	0	4,899,757	7,547,561	4,939,477

**ALLOCATION OF DEPRECIATION EXPENSE
TO SERVICE COST FUNCTIONS**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY											
		TOTAL (\$)	BASE COSTS		MAX DAY		MAX HOUR			CUSTOMER COSTS			
			System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)	Fire Protection (\$)
INTANGIBLE PLANT													
301	Organization	0	0	0	0	0	0	0	0	0	0	0	0
302	Franchises and consents	0	0	0	0	0	0	0	0	0	0	0	0
303	Miscellaneous intangible plant	0	0	0	0	0	0	0	0	0	0	0	0
SOURCE OF SUPPLY													
310	Land and land rights	0	0		0								
311	Structures and improvements	22,727	15,151		7,576								
312	Collecting and impounding reservoirs	4,568	3,045		1,523								
313	Lake, river, and other intakes	25,941	17,294		8,647								
314	Wells and springs	0	0		0								
316	Supply mains	8,155	5,437		2,718								
317	Other water source plant	0	0		0								
PUMPING PLANT													
320	Land and land rights	0	0		0								
321	Structures and improvements	76,683	51,122		25,561								
323	Other power production equipment	25,410	16,940		8,470								
325	Electric pumping equipment	173,093	115,395		57,698								
326	Diesel pumping equipment	0	0		0								
328	Other pumping equipment	380	253		127								
WATER TREATMENT PLANT													
330	Land and land rights	0	0		0								
331	Structures and improvements	168,074	112,049		56,025								
332	Sand or Other Media Filtration Equip	27,000	18,000		9,000								
333	Membrane Filtration Equipment	829,812	553,208		276,604								
334	Other Water Treatment Equipment	0	0		0								

**ALLOCATION OF DEPRECIATION EXPENSE
TO SERVICE COST FUNCTIONS
(continued)**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY														
		TOTAL (\$)	BASE COSTS		MAX DAY					MAX HOUR			CUSTOMER COSTS			Fire Protection (\$)
			System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)				
TRANSMISSION & DISTRIBUTION PLANT																
340	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0			
341	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0			
342	Distribution reservoirs and standpipes	117,441	52,196							65,245						
343	Transmission mains	245,720	163,813		81,907											
343	Distribution mains	113,505		50,447				63,058								
345	Services	22,954										22,954				
346	Meters	130,429									130,429					
348	Hydrants	90,193											90,193			
349	Other transmission and distr. plant	0	0	0	0	0	0	0	0	0	0	0	0			
GENERAL PLANT																
389	Land and land rights	0	0	0	0	0	0	0	0	0	0	0	0			
390	Structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0			
391	Office furniture and equipment	3,289	1,775	80	846	0	0	100	103	0	206	36	142			
391	Office furniture & equip - Computers	30,540	16,485	740	7,860	0	0	925	957	0	1,913	337	1,323			
392	Transportation equipment	0	0	0	0	0	0	0	0	0	0	0	0			
393	Stores equipment	0	0	0	0	0	0	0	0	0	0	0	0			
394	Tools, shop and garage equipment	15,977	8,624	387	4,112	0	0	484	501	0	1,001	176	692			
395	Laboratory equipment	6,007	3,243	146	1,546	0	0	182	188	0	376	66	260			
396	Power operated equipment	0	0	0	0	0	0	0	0	0	0	0	0			
397	Communication equipment	0	0	0	0	0	0	0	0	0	0	0	0			
397	SCADA equipment	0	0	0	0	0	0	0	0	0	0	0	0			
398	Miscellaneous equipment	9,463	5,108	229	2,435	0	0	287	297	0	593	104	410			
TOTAL		2,147,361	1,159,141	52,028	552,654	0	0	65,035	67,291	0	134,518	23,674	93,021			

**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
TO SERVICE COST FUNCTIONS**

ACCT NO.	ACCOUNT DESCRIPTION	EXTRA-CAPACITY											
		TOTAL	BASE COSTS		MAX DAY		MAX HOUR			CUSTOMER COSTS			Fire Protection
			System	Distribution	System	Distribution	System	Distribution	Storage	Billing	Equivalent Meter	Equivalent Service	
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
SOURCE OF SUPPLY													
600	Operation labor	0	0		0								
601	Operation labor and expenses	0	0		0								
602	Purchased water	0	0										0
603	Miscellaneous expenses	10,000	6,667		3,333								
604	Rents	0	0		0								
610	Maintenance supervision and engineering	0	0		0								
611	Maintenance of structures and improvements	0	0		0								
612	Maint. of collecting and impounding reservoirs	0	0		0								
613	Maintenance of lake, river, and other intakes	5,000	3,333		1,667								
614	Maintenance of wells and springs	0	0		0								
616	Maintenance of supply mains	0	0		0								
617	Maintenance of misc. water source plant	0	0		0								
PUMPING EXPENSES													
620	Operation supervision and engineering	132,000	88,000		44,000								
621	Fuel for power production	0	0										
622	Power production labor and expenses	0	0										
623	Fuel or power purchased for production	900,500	900,500										
624	Pumping labor and expenses	113,000	75,333		37,667								
625	Expenses transferred--credit	0	0		0								
626	Miscellaneous expenses	13,910	9,273		4,637								
627	Rents	0	0		0								
630	Maintenance supervision and engineering	0	0		0								
631	Maintenance of structures and improvements	30,000	20,000		10,000								
632	Maintenance of power production equipment	4,500	3,000		1,500								
633	Maintenance of pumping equipment	75,000	50,000		25,000								
WATER TREATMENT EXPENSES													
640	Operation supervision and engineering	65,000	43,333		21,667								
641	Chemicals	212,000	212,000										
642	Operation labor and expenses	268,668	179,112		89,556								
643	Miscellaneous expenses	22,490	14,993		7,497								
644	Rents	0	0		0								
650	Maintenance supervision and engineering	0	0		0								
651	Maintenance of structures and improvements	45,089	30,059		15,030								
652	Maintenance of water treatment equipment	536,267	357,511		178,756								

**ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES
TO SERVICE COST FUNCTIONS
(continued)**

		EXTRA-CAPACITY								CUSTOMER COSTS			
		BASE COSTS			MAX DAY		MAX HOUR						Fire Protection (\$)
		TOTAL (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)	
ACCT NO.	ACCOUNT DESCRIPTION												
TRANSMISSION & DISTRIBUTION EXPENSES													
660	Operation supervision and engineering	106,723	20,031	17,217	4,840	0	0	21,521	12,937	0	9,190	17,393	3,594
661	Storage facilities expenses	0	0						0				
662	Transmission lines expenses	5,650	3,767		1,883								
662	Distribution lines expenses	15,072		6,699				8,373					
663	Meter expenses	81,721									81,721		
664	Customer installations expenses	11,389										11,389	
665	Miscellaneous expenses	570,754	107,124	92,074	25,887	0	0	115,093	69,188	0	49,150	93,017	19,221
666	Rents	0	0	0	0	0	0	0	0	0	0	0	0
670	Maintenance supervision and engineering	29,000	5,443	4,678	1,315	0	0	5,848	3,515	0	2,497	4,726	977
671	Maintenance of structures and improvements	0	0	0	0	0	0	0	0	0	0	0	0
672	Maintenance of distr.reservoirs and standpipes	336,400	149,511						186,889				
673	Maintenance of transmission mains	204,121	136,081		68,040								
673	Maintenance of distribution mains	544,519		242,008				302,510					
675	Maintenance of services	239,864										239,864	
676	Maintenance of meters	51,042									51,042		
677	Maintenance of hydrants	51,920											51,920
678	Maintenance of miscellaneous plant	0	0	0	0	0	0	0	0	0	0	0	0
CUSTOMER ACCOUNTS EXPENSES													
901	Supervision	0								0			
902	Meter reading labor	69,544								69,544			
903	Customer records and collection expenses	398,052								398,052			
904	Uncollectible accounts	0								0			
905	Miscellaneous customer accounts expenses	0								0			
906	Customer service and Information Expenses	0								0			
SALES EXPENSES													
910	Sales Expenses	0								0			
ADMINISTRATIVE & GENERAL EXPENSES													
920	Administrative and general salaries	203,768	65,752	18,307	27,373	0	0	22,884	13,757	23,604	9,773	18,495	3,822
921	Office supplies and expenses	44,409	14,330	3,990	5,966	0	0	4,987	2,998	5,144	2,130	4,031	833
922	Administrative expenses transferred -- credit	0	0	0	0	0	0	0	0	0	0	0	0
923	Outside services employed	113,900	36,754	10,233	15,301	0	0	12,792	7,690	13,194	5,463	10,338	2,136
924	Property insurance	65,980	25,588	7,122	11,936	0	0	8,902	2,146	0	2,899	4,466	2,922
925	Injuries and damages	50,882	16,419	4,571	6,835	0	0	5,714	3,435	5,894	2,440	4,618	954
926	Employee pensions and benefits	914,691	295,155	82,180	122,876	0	0	102,725	61,754	105,954	43,869	83,021	17,156
928	Regulatory commission expenses	28,000	9,035	2,516	3,761	0	0	3,145	1,890	3,243	1,343	2,541	525
929	Duplicate charges -- credit	0	0	0	0	0	0	0	0	0	0	0	0
930	Miscellaneous general expenses	33,500	10,810	3,010	4,500	0	0	3,762	2,262	3,881	1,607	3,041	628
931	Rents	0	0	0	0	0	0	0	0	0	0	0	0
932	Maintenance of general plant	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATION & MAINTENANCE EXPENSES		6,604,325	2,888,915	494,605	740,823	0	0	618,257	368,462	628,510	263,124	496,940	104,689

SUMMARY OF ALLOCATION OF OPERATING COSTS TO SERVICE COST FUNCTIONS

OPERATING COST	EXTRA-CAPACITY											
	TOTAL (\$)	BASE COSTS		MAX DAY		MAX HOUR			CUSTOMER COSTS			Fire Protection (\$)
		System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	System (\$)	Distribution (\$)	Storage (\$)	Billing (\$)	Equivalent Meter (\$)	Equivalent Service (\$)	
OPERATION AND MAINTENANCE	6,604,325	2,888,915	494,605	740,823	0	0	618,257	368,462	628,510	263,124	496,940	104,689
DEPRECIATION EXPENSE	2,147,361	1,159,141	52,028	552,654	0	0	65,035	67,291	0	134,518	23,674	93,021
AMORTIZATION EXPENSE	0	0	0	0	0	0	0	0	0	0	0	0
TAXES AND TAX EQUIVALENT	2,334,554	905,376	251,981	422,318	0	0	314,976	75,925	0	102,572	158,002	103,404
RETURN ON NET INVESTMENT RATE BASE	2,399,182	1,182,904	125,330	551,184	0	0	156,662	100,670	0	139,042	23,204	120,187
TOTAL	13,485,422	6,136,335	923,944	2,266,978	0	0	1,154,930	612,347	628,510	639,257	701,819	421,301

CUSTOMER CLASS DEMAND RATIOS

CUSTOMER CLASS	BASE COSTS						EXTRA-CAPACITY MAX DAY DEMAND					EXTRA-CAPACITY MAX HOUR DEMAND				
	Annual Volume 100	Average Day Volume	Percent	System Adjusted Percent	Distribution Adjusted Percent	Extra Capacity	Volume Rate	Percent	System Adjusted Percent	Distribution Adjusted Percent	Extra Capacity	Volume Rate	Percent	System Adjusted Percent	Distribution Adjusted Percent	Storage Adjusted Percent
	Cubic Feet	Cubic Feet	(%)	(%)	(%)	Ratio	Cubic Feet Per Day	(%)	(%)	(%)	Ratio	Cubic Feet Per Hour	(%)	(%)	(%)	(%)
Residential	2,291,034	627,681	42.01%	42.01%	55.21%	1.75	1,098,441	45.76%	45.76%	54.17%	2.75	71,922	38.42%	38.42%	43.96%	42.62%
Commercial	1,260,404	345,316	23.11%	23.11%	30.37%	1.25	431,645	17.98%	17.98%	21.29%	2.00	28,776	15.37%	15.37%	17.59%	17.05%
Industrial	397,123	108,801	7.28%	7.28%	9.57%	0.50	54,400	2.27%	2.27%	2.68%	0.75	3,400	1.82%	1.82%	2.08%	2.01%
Public Authority	146,519	40,142	2.69%	2.69%	3.53%	1.25	50,178	2.09%	2.09%	2.47%	2.00	3,345	1.79%	1.79%	2.04%	1.98%
Pleasant Prairie	1,076,674	294,979	19.74%	19.74%	0.00%	1.00	294,979	12.29%	12.29%	0.00%	1.50	18,436	9.85%	9.85%	0.00%	0.00%
Bristol	6,713	1,839	0.12%	0.12%	0.00%	1.25	2,299	0.10%	0.10%	0.00%	2.00	153	0.08%	0.08%	0.00%	0.09%
Somers	220,000	60,274	4.03%	4.03%	0.00%	1.25	75,342	3.14%	3.14%	0.00%	2.00	5,023	2.68%	2.68%	0.00%	2.98%
Public Fire Protection	54,530	14,940	1.00%	1.00%	1.31%		393,048	16.37%	16.37%	19.38%		56,150	29.99%	29.99%	34.32%	33.27%
TOTALS	5,452,997	1,493,972	100%	100%	100%		2,400,333	100%	100%	100%		187,205	100%	100%	100%	100%

50% 50% <-- Public Fire % Limits --> 50% 50% 80%

Maximum Day Demand = 3,486,317 (CUBIC FEET/DAY) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM DAY EXTRA CAPACITY DEMAND

Maximum Hour Demand = 192,682 (CUBIC FEET/HR) SUM OF GENERAL SERVICE AVERAGE AND MAXIMUM HOUR EXTRA CAPACITY DEMAND

1.22 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX DAY

1.08 = NON-COINCIDENT / COINCIDENT RATIO FOR MAX HOUR

CUSTOMER CLASS ALLOCATION FACTORS

Meter size (inches):	NUMBER OF METERS												TOTAL		
	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12	METERS	PERCENT
Residential	23,670	3,477	194	0	20	7	0	0	0	0	0	0	0	27,368	88%
Commercial	978	668	611	0	460	502	0	63	24	12	0	0	0	3,318	11%
Industrial	3	6	15	0	14	16	0	3	4	4	0	1	0	66	0%
Public Authority	10	15	32	0	26	52	0	27	21	7	1	0	0	191	1%
Pleasant Prairie	0	0	0	0	0	0	0	0	0	3	4	0	0	7	0%
Bristol	0	0	0	0	0	0	0	0	0	0	2	0	0	2	0%
Somers	0	0	0	0	0	0	0	0	1	4	2	1	0	8	0%
TOTALS	24,661	4,166	852	0	520	577	0	93	50	30	9	2	0	30,960	100%

ALLOCATION FACTOR:	EQUIVALENT METERS													TOTAL	
	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12	EQUIV.	
	Equiv. meters ratio:	1.0	1.0	2.5	3.7	5.0	8.0	12.5	15.0	25.0	50.0	80.0	120.0	160.0	METERS
Residential	23,670	3,477	485	0	100	56	0	0	0	0	0	0	0	27,788	64%
Commercial	978	668	1,528	0	2,300	4,016	0	945	600	600	0	0	0	11,635	27%
Industrial	3	6	38	0	70	128	0	45	100	200	0	120	0	710	2%
Public Authority	10	15	80	0	130	416	0	405	525	350	80	0	0	2,011	5%
Pleasant Prairie	0	0	0	0	0	0	0	0	0	150	320	0	0	470	1%
Bristol	0	0	0	0	0	0	0	0	0	0	160	0	0	160	0%
Somers	0	0	0	0	0	0	0	0	25	200	160	120	0	505	1%
TOTALS	24,661	4,166	2,130	0	2,600	4,616	0	1,395	1,250	1,500	720	240	0	43,278	100%

ALLOCATION FACTOR:	EQUIVALENT SERVICES													TOTAL EQUIV. SERVICES PERCENT	
	5/8	3/4	1	1-1/4	1-1/2	2	2-1/2	3	4	6	8	10	12		
	Meter size (inches): Equiv. services ratio:	1.0	1.0	1.3	1.7	2.0	3.0	3.5	4.0	5.0	6.0	7.0	8.0	9.0	
Residential	23,670	3,477	252	0	40	21	0	0	0	0	0	0	0	27,460	82%
Commercial	978	668	794	0	920	1,506	0	252	120	72	0	0	0	5,310	16%
Industrial	3	6	20	0	28	48	0	12	20	24	0	8	0	169	1%
Public Authority	10	15	42	0	52	156	0	108	105	42	7	0	0	537	2%
Pleasant Prairie	0	0	0	0	0	0	0	0	0	18	28	0	0	46	0%
Bristol	0	0	0	0	0	0	0	0	0	0	14	0	0	14	0%
Somers	0	0	0	0	0	0	0	0	5	24	14	8	0	51	0%
TOTALS	24,661	4,166	1,108	0	1,040	1,731	0	372	250	180	63	16	0	33,587	100%

ALLOCATION OF SERVICE COST FUNCTIONS TO CUSTOMER CLASSES

	TOTAL	Residential	Commercial	Industrial	Public	Pleasant	Bristol	Somers	Public Fire
	(\$)	(\$)	(\$)	(\$)	Authority	Prairie	(\$)	(\$)	Protection
					(\$)	(\$)			(\$)
BASE COSTS:									
SYSTEM	6,136,335	2,578,133	1,418,350	446,888	164,880	1,211,596	7,554	247,569	61,363
DISTRIBUTION	923,944	510,117	280,639	88,423	32,624	0	0	0	12,142
EXTRA-CAPACITY COSTS:									
MAXIMUM-DAY SYSTEM	2,266,978	1,037,415	407,664	51,378	47,390	278,591	2,171	71,157	371,212
MAXIMUM-DAY DISTRIBUTION	0	0	0	0	0	0	0	0	0
MAXIMUM-HOUR SYSTEM	0	0	0	0	0	0	0	0	0
MAXIMUM-HOUR DISTRIBUTION	1,154,930	507,751	203,155	24,003	23,616	0	0	0	396,405
MAXIMUM-HOUR STORAGE	612,347	260,955	104,410	12,336	12,137	0	556	18,224	203,729
CUSTOMER COSTS:									
BILLING	628,510	555,590	67,358	1,340	3,877	142	41	162	
EQUIVALENT METERS	639,257	410,455	171,852	10,480	29,704	6,942	2,363	7,459	
EQUIVALENT SERVICES	701,819	573,803	110,963	3,521	11,213	961	293	1,066	
FIRE PROTECTION	421,301								421,301
TOTAL COST	13,485,422	6,434,220	2,764,391	638,369	325,442	1,498,233	12,978	345,638	1,466,151
LESS OTHER REVENUE	637,416	304,067	135,080	30,039	15,314	0	0	0	152,916
COST OF SERVICE	12,848,006	6,130,153	2,629,311	608,330	310,128	1,498,233	12,978	345,638	1,313,235
REVENUE AT PRESENT RATES	11,094,451	5,226,479	2,288,830	501,519	259,745	1,365,936	12,033	311,446	1,128,463
DIFFERENCE	1,753,555	903,674	340,481	106,811	50,383	132,297	945	34,192	184,772
PERCENT INCREASE/DECREASE	16%	17%	15%	21%	19%	10%	8%	11%	16%

ALLOCATION OF PUBLIC FIRE PROTECTION TO WHOLESALE CUSTOMERS

	TOTAL	Kenosha Retail	Pleasant Prairie	Bristol	Somers
	(\$)	(\$)	(\$)	(\$)	(\$)
PFP COST OF SERVICE	\$1,313,235	\$1,215,843	\$74,676	\$684	\$22,032
PFP REVENUE AT PRESENT RATES	1,128,463	1,051,741	62,609	1,078	13,035
PFP DIFFERENCE	184,772	164,102	12,067	(394)	8,997
PFP PERCENT INCREASE/DECREASE	16%	16%	19%	-37%	69%

Base Cost System =	\$61,363
EC Max Day System =	\$371,212
	\$203,729
PFP System Costs =	\$636,304

	equivalent meters	(%)	Proposed PFP as a % of Eq. Meters	Rounded Value
Kenosha equivalent meters =	43,278	84.70%		
Pleasant Prairie equivalent meters =	5,996	11.73%	\$74,667	\$74,676
Bristol equivalent meters* =	54	0.11%	\$672	\$684
Somers equivalent meters** =	1,769	3.46%	\$22,029	\$22,032
Total =	51,097	100.00%		

* Bristol equivalent meter data represents 7 customers served by Kenosha.

** Somers equivalent meter data obtained from most recent rate case (Docket 5545-WR-103).

KENOSHA WATER UTILITY
Comparison of Revenue
at
Present Rates, Cost of Service and Authorized Rates

Customer Class	Revenue at Present Rates	Cost of Service		Authorized Rates		
		Revenue Required	Increase over Present Rates	Revenue	Increase over Present Rates	Percent of Cost of Service
Residential	\$5,226,479	\$6,130,153	17%	\$6,050,332	16%	99%
Commercial	\$2,288,830	\$2,629,311	15%	\$2,709,576	18%	103%
Industrial	\$501,519	\$608,330	21%	\$615,791	23%	101%
Public Authority	\$259,745	\$310,128	19%	\$309,679	19%	100%
Pleasant Prairie	\$1,365,936	\$1,498,233	10%	\$1,496,562	10%	100%
Bristol	\$12,033	\$12,978	8%	\$12,974	8%	100%
Somers	\$311,446	\$345,638	11%	\$345,980	11%	100%
Public Fire Protection	<u>\$1,128,463</u>	<u>\$1,313,235</u>	16%	<u>\$1,310,088</u>	16%	100%
Total	<u>\$11,094,451</u>	<u>\$12,848,006</u>	<u>16%</u>	<u>\$12,850,982</u>	<u>16%</u>	<u>100%</u>
Public Fire Protection						
Kenosha (Retail)	\$1,051,741	\$1,215,843	16%	\$1,212,696	15%	100%
Pleasant Prairie	\$62,609	\$74,676	19%	\$74,676	19%	100%
Bristol	\$1,078	\$684	-37%	\$684	-37%	100%
Somers	\$13,035	\$22,032	69%	\$22,032	69%	100%
Total	<u>\$1,128,463</u>	<u>\$1,313,235</u>	<u>16%</u>	<u>\$1,310,088</u>	<u>16%</u>	<u>100%</u>
Total - General Service and Public Fire Protection						
Kenosha (Retail)	\$9,328,314	\$10,893,765	17%	\$10,898,074	17%	100%
Pleasant Prairie	\$1,428,545	\$1,572,909	10%	\$1,571,238	10%	100%
Bristol	\$13,111	\$13,662	4%	\$13,658	4%	100%
Somers	\$324,481	\$367,670	13%	\$368,012	13%	100%
Total	<u>\$11,094,451</u>	<u>\$12,848,006</u>	<u>16%</u>	<u>\$12,850,982</u>	<u>16%</u>	<u>100%</u>

KENOSHA WATER UTILITY

Authorized Water Rates and Rules

Public Fire Protection Service - - - F-1

Public fire protection service includes the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

Public Fire Protection Service Charges:

	<u>Monthly</u>	<u>Bimonthly</u>		<u>Monthly</u>	<u>Bimonthly</u>
$\frac{5}{8}$ -inch meter - \$	3.00	6.00	4 -inch meter - \$	15.00	30.00
$\frac{3}{4}$ -inch meter - \$	3.00	6.00	6 -inch meter - \$	18.00	36.00
1 -inch meter - \$	4.00	8.00	8 -inch meter - \$	21.00	42.00
1½ -inch meter - \$	6.00	12.00	10 -inch meter - \$	24.00	48.00
2 -inch meter - \$	9.00	18.00	12 -inch meter - \$	27.00	54.00
3 -inch meter - \$	12.00	24.00			

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall be subject to the charges in this schedule according to the size of their primary meter. Customers who are provided service under Schedule Am-1 are exempt from these charges for any additional meters.

Under Wis. Stats. §196.03(3)(b), the City of Kenosha has elected to make the charges in this schedule applicable to non-general service customers who own developed properties containing a building or structure and that is located both within the municipal limits and in an area where the utility has an obligation to provide water for public fire protection. Each parcel shall be billed at the $\frac{5}{8}$ -inch meter rate under this schedule.

Billing: Same as Schedule Mg-1.

Public Fire Protection Service - - - Fd-1

Delete.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Private Fire Protection Service Demand Charges:

	<u>Monthly</u>	<u>Bimonthly</u>
2 - inch or smaller connection - \$	3.50	7.00
3 - inch connection - \$	6.00	12.00
4 - inch connection - \$	11.00	22.00
6 - inch connection - \$	23.00	46.00
8 - inch connection - \$	36.00	72.00
10 - inch connection - \$	60.00	120.00
12 - inch connection - \$	75.00	150.00
14 - inch connection - \$	100.00	200.00
16 - inch connection - \$	125.00	250.00

Billing: Same as Schedule Mg-1.

General Service - Metered - - - Mg-1

Service Charges:

	<u>Monthly</u>	<u>Bimonthly</u>		<u>Monthly</u>	<u>Bimonthly</u>
$\frac{5}{8}$ -inch meter - \$	4.90	9.80	4 -inch meter - \$	57.00	114.00
$\frac{3}{4}$ -inch meter - \$	4.90	9.80	6 -inch meter - \$	100.00	200.00
1 -inch meter - \$	9.20	18.40	8 -inch meter - \$	149.00	298.00
1½ -inch meter - \$	16.00	32.00	10 -inch meter - \$	210.00	420.00
2 -inch meter - \$	22.00	44.00	12 -inch meter - \$	272.00	544.00
3 -inch meter - \$	38.00	76.00			

Plus Volume Charges:

First	1,700	cubic feet used monthly or
	3,400	cubic feet used bimonthly - \$1.94 per 100 cubic feet
Next	23,300	cubic feet used monthly or
	46,600	cubic feet used bimonthly - \$1.80 per 100 cubic feet
Over	25,000	cubic feet used monthly or
	50,000	cubic feet used bimonthly - \$1.46 per 100 cubic feet

Billing: Bills for water service are rendered monthly or bimonthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge shall be applied to the total unpaid balance for utility service, including unpaid late payment charges. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Combined Metering: For a residential customer with more than one meter on a single service lateral, volumetric reading from all meters shall be combined for billing. For a nonresidential customer, volumetric readings may be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and may not be combined for billing. This requirement does not preclude the utility from combining readings where metering configurations support such an approach. Volumetric readings from individually metered separate service laterals may not be combined for billing purposes.

Wholesale Water Service - - - W-1

Wholesale water service to the Village of Pleasant Prairie shall be provided at the following rates:

Public Fire Protection Service

Service Charge: \$6,223.00 per month

General Service

Service Charge: See Schedule Mg-1 for charges for all meters (active and standby)

Volume Charge: \$ 1.38 per 100 cubic feet

Wholesale water service to the Village of Bristol shall be provided at the following rates:

Public Fire Protection Service

Service Charge: \$57.00 per month

General Service

Service Charge: See Schedule Mg-1 for charges for all meters (active and standby)

Volume Charge: \$ 1.40 per 100 cubic feet

Wholesale water service to the Town of Somers shall be provided at the following rates:

Public Fire Protection Service

Service Charge: \$1,836.00 per month

General Service

Service Charge: See Schedule Mg-1 for charges for all meters (active and standby)

Volume Charge: \$ 1.52 per 100 cubic feet

Billing: Same as Schedule Mg-1.

Additional Meter Rental Charge - - - Am-1

Upon request, the utility shall furnish and install additional meters to water service customers for the purpose of measuring the volume of water used that is not discharged into the sanitary sewer system.

Monthly Additional Meter Rental Charges:

	<u>Monthly</u>	<u>Bimonthly</u>
5/8 -inch meter - \$	2.45	4.90
3/4 -inch meter - \$	2.45	4.90
1 -inch meter - \$	4.60	9.20
1½ -inch meter - \$	8.00	16.00
2 -inch meter - \$	11.00	22.00

This schedule applies only if the additional meter is installed on the same service lateral as the primary meter and either:

- A. The additional meter is ¾-inch or smaller if the metering configuration is the Addition Method; or

B. The additional meter is 2-inch or smaller for all other metering configurations.

If the additional meter is larger than 2-inch or larger than $\frac{3}{4}$ -inch and installed in the Addition Method, each meter shall be treated as a separate account and Schedule Mg-1 rates shall apply.

Billing: Same as Schedule Mg-1.

Other Charges - - - OC-1

Non-Sufficient Funds Charge: The utility shall assess a \$30.00 charge when a payment rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the payment was for multiple services.

Billing: Same as Schedule Mg-1.

Public Service - - - Mpa-1

Metered Service

Water used by the City of Kenosha on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service

Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 700 cubic feet of water per month, or 1,400 cubic feet of water per bimonthly billing period under Schedule Mg-1, including the service charge for a $\frac{5}{8}$ -inch meter. If the utility determines that actual usage exceeds 700 cubic feet of water per month, or 1,400 cubic feet of water per bimonthly billing

period, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

Seasonal, Emergency, or Temporary Service - - - Mgt-1

Delete.

Seasonal Service - - - Sg-1

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1, Schedule Ug-1, or Schedule Am-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

Building and Construction Water Service - - - Mz-1

Delete.

Bulk Water - - - BW-1

All bulk water supplied from the water system through hydrants or other connections shall be metered or estimated by the utility. Utility personnel or a party approved by the utility shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule Ug-1 applies for water supplied for construction purposes.

A service charge of \$60.00* and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk water customers for more than 1 month, the applicable service charge in Schedule Mg-1 will apply after the first month. Bulk water permits are good for 90 days.

*For swimming pools filled by utility staff, the service charge will instead be \$200.00 during normal office hours and \$275.00 after normal office hours.

The water utility may require a reasonable deposit for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected shall be refunded upon return of the utility's equipment. Damaged or lost equipment shall be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

Reconnection Charges - - - R-1

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

During normal business hours:	\$60.00
After normal business hours:	\$80.00

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

The initial water service lateral(s), not installed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66, will be installed from the main through the curb stop and box by the utility, for which there will be made the following charge:

1 -inch lateral - \$	400.00
1½ -inch lateral - \$	800.00
2 -inch lateral - \$	1,200.00
4 -inch lateral - \$	1,800.00
Over 4-inch lateral -	Actual cost

- A. Excavation fee for water service where no pavement exists will be based on time and material.
- B. Excavation, boring and pavement replacement fees where pavement exists will be based on time and material.

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

Delete Schedule X-1. Incorporate the operating rules for municipal water utilities as provided by the Public Service Commission.

Water Main Extension Rule - - - X-2

Water mains will be extended for new customers on the following basis:

- A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat. § 66.0703 will apply, and no additional customer contribution to the utility will be required.
- B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:
 - 1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under paragraph A.

2. Part of the contribution required in paragraph B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under paragraph A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under paragraph A., nor will it exceed the total assessable cost of the original extension.
- C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under paragraph A.

Water Main Installations in Platted Subdivisions - - - X-3

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

Water Main Installations in Townships - - - X-4

Delete.

KENOSHA WATER UTILITY
Customer Water Bill Comparison at Present and Authorized Rates

Customer Type	Meter Size (Inches)	Volume (100 Cu Ft)	<u>Monthly</u>			<u>Monthly Including Public Fire Protection</u>		
			Bills at Old Rates	Bills at New Rates	Percent Change	Bills at Old Rates	Bills at New Rates	Percent Change
Small Residential	5/8	3	\$ 9.59	\$ 10.72	12%	\$ 12.21	\$ 13.72	12%
Average Residential	5/8	7	\$ 15.95	\$ 18.48	16%	\$ 18.57	\$ 21.48	16%
Large Residential	5/8	15	\$ 28.67	\$ 34.00	19%	\$ 31.29	\$ 37.00	18%
Large Residential	5/8	50	\$ 82.01	\$ 97.28	19%	\$ 84.63	\$ 100.28	18%
Large Residential	5/8	120	\$ 188.41	\$ 223.28	19%	\$ 191.03	\$ 226.28	18%
Large Residential	5/8	140	\$ 218.81	\$ 259.28	18%	\$ 221.43	\$ 262.28	18%
Large Residential	5/8	250	\$ 386.01	\$ 457.28	18%	\$ 388.63	\$ 460.28	18%
Commercial	5/8	20	\$ 36.41	\$ 43.28	19%	\$ 39.03	\$ 46.28	19%
Commercial	5/8	100	\$ 158.01	\$ 187.28	19%	\$ 160.63	\$ 190.28	18%
Commercial	1	500	\$ 684.74	\$ 826.58	21%	\$ 688.10	\$ 830.58	21%
Commercial	4	1,590	\$ 2,011.57	\$ 2,465.78	23%	\$ 2,024.62	\$ 2,480.78	23%
Commercial	4	1,730	\$ 2,176.77	\$ 2,670.18	23%	\$ 2,189.82	\$ 2,685.18	23%
Commercial	1 1/2	4,310	\$ 5,185.89	\$ 6,395.98	23%	\$ 5,191.13	\$ 6,401.98	23%
Commercial	6	5,830	\$ 7,052.19	\$ 8,699.18	23%	\$ 7,067.80	\$ 8,717.18	23%
Industrial	5/8	30	\$ 51.61	\$ 61.28	19%	\$ 54.23	\$ 64.28	19%
Industrial	1	200	\$ 313.74	\$ 371.58	18%	\$ 317.10	\$ 375.58	18%
Industrial	2	940	\$ 1,214.63	\$ 1,481.78	22%	\$ 1,222.44	\$ 1,490.78	22%
Industrial	4	3,320	\$ 4,052.97	\$ 4,991.58	23%	\$ 4,066.02	\$ 5,006.58	23%
Industrial	6	7,610	\$ 9,152.59	\$ 11,297.98	23%	\$ 9,168.20	\$ 11,315.98	23%
Industrial	10	29,630	\$ 35,232.41	\$ 43,557.18	24%	\$ 35,253.26	\$ 43,581.18	24%
Public Authority	5/8	10	\$ 20.72	\$ 24.30	17%	\$ 23.34	\$ 27.30	17%
Public Authority	1	300	\$ 448.74	\$ 534.58	19%	\$ 452.10	\$ 538.58	19%
Public Authority	4	640	\$ 890.57	\$ 1,078.78	21%	\$ 903.62	\$ 1,093.78	21%
Public Authority	3	1,040	\$ 1,346.53	\$ 1,643.78	22%	\$ 1,357.00	\$ 1,655.78	22%
Public Authority	6	2,480	\$ 3,099.19	\$ 3,808.18	23%	\$ 3,114.80	\$ 3,826.18	23%
Public Authority	4	3,190	\$ 3,899.57	\$ 4,801.78	23%	\$ 3,912.62	\$ 4,816.78	23%

Kenosha Water Utility
Schedule of Depreciation Rates
Effective January 1, 2013

<u>Account</u> <u>Number</u>	<u>Class of Plant</u>	<u>Depr.</u> <u>Rate</u>
SOURCE OF SUPPLY PLANT		
311	Structures and Improvements	2.00%
312	Collecting and Impounding Reservoirs	1.70%
313	Lake, River and Other Intakes	1.70%
316	Supply Mains	1.80%
PUMPING PLANT		
321	Structures and Improvements	2.00%
323	Other Power Production Equipment	4.40%
325	Electric Pumping Equipment	4.40%
328	Other Pumping Equipment	4.40%
WATER TREATMENT PLANT		
331	Structures and Improvements	2.00%
332	Sand and Other Media Filtration Equipment	3.20%
334	Other Water Treatment Equipment	6.00%
TRANSMISSION AND DISTRIBUTION PLANT		
342	Distribution Reservoirs and Standpipes	1.90%
343	Transmission and Distribution Mains	1.18%
345	Services	2.90%
346	Meters	5.50%
348	Hydrants	2.20%
GENERAL PLANT		
391	Office Furniture and Equipment	5.80%
391.1	Computer Equipment	20.00%
392	Transportation Equipment	13.30%
393	Stores Equipment	5.80%
394	Tools, Shop and Garage Equipment	5.80%
395	Laboratory Equipment	5.80%
396	Power Operated Equipment	7.50%
397	Communication Equipment	15.00%
397.1	SCADA Equipment	9.20%
398	Miscellaneous Equipment	5.80%

Note 1: Although certified rates are provided for Accounts 391.1, 392, and 396, the utility uses unit depreciation method for these three accounts. The certified rate is applied to each unit, and when each unit is fully-depreciated, then depreciation is no longer recorded on that unit.